DHI GROUP, INC.
Form 10-Q
November 01, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)
R QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarter ended September 30, 2018

OR
£ TRANSITION PERIOD PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM TO
Commission File Number: 001-33584

DHI Group, Inc.
(Exact name of Registrant as specified in its Charter)

Delaware	20-3179218
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1040 Avenue of the Americas, 8th Floor New York, New York	10018
(Address of principal executive offices)	(Zip Code)

(212) 725-6550
(Registrant’s telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes R No £

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes R No £

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definition of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer £ Accelerated filer £ Non-accelerated filer £
Smaller Reporting Company R Emerging Growth Company £

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. £

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes £ No R

As of October 26, 2018, there were 52,890,453 shares of the registrant's common stock, par value $.01 per share, outstanding.

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PART I
ITEM 1. Financial Statements

DHI GROUP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)
(in thousands, except per share data)

	September 30, 2018	December 31, 2017
ASSETS		
Current assets		
Cash	$ 4,659	$ 12,068
Accounts receivable, net of allowance for doubtful accounts of $646 and $1,688	19,080	38,769
Income taxes receivable	2,284	2,617
Prepaid and other current assets	7,440	5,086
Total current assets	33,463	58,540
Fixed assets, net	14,552	16,147
Acquired intangible assets, net	39,000	45,737
Capitalized contract costs	6,313	—
Goodwill	155,348	170,791
Deferred income taxes	231	469
Other assets	2,498	4,034
Total assets	$ 251,405	$ 295,718
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	$ 19,035	$ 22,196
Deferred revenue	55,057	83,646
Income taxes payable	1,197	1,129
Total current liabilities	75,289	106,971
Long-term debt, net	16,596	41,450
Deferred income taxes	9,667	8,245
Deferred revenue	1,368	—
Income taxes payable	—	1,489
Unrecognized tax benefits	3,241	2,859
Other long-term liabilities	1,308	2,063
Total liabilities	107,469	163,077
Commitments and contingencies (Note 9)		
Stockholders' equity		
Convertible preferred stock, $.01 par value, authorized 20,000 shares; no shares issued and outstanding	—	—
Common stock, $.01 par value, authorized 240,000; issued 86,545 and 83,125 shares, respectively; outstanding: 53,188 and 50,480 shares, respectively	866	831
Additional paid-in capital	381,878	375,537
Accumulated other comprehensive loss	(29,761)	(27,330)
Accumulated earnings	68,490	59,776
Treasury stock, 33,357 and 32,645 shares, respectively	(277,537)	(276,173)
Total stockholders' equity	143,936	132,641
Total liabilities and stockholders' equity	$ 251,405	$ 295,718

See accompanying notes to the condensed consolidated financial statements.

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DHI GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)
(in thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenues	$38,917	$52,424	$123,583	$157,014
Operating expenses:				
Cost of revenues	4,424	7,616	14,330	22,681
Product development	5,219	6,423	15,811	19,230
Sales and marketing	13,974	19,988	46,628	59,638
General and administrative	8,843	9,454	28,012	30,779
Depreciation	2,540	2,576	7,155	7,703
Amortization of intangible assets	—	554	482	1,686
Impairment of fixed assets	—	2,226	—	2,226
Disposition related and other costs (Note 11)	2,085	1,049	5,214	2,236
Total operating expenses	37,085	49,886	117,632	146,179
Gain (loss) on sale of businesses, net (Note 4)	(365)	—	3,435	—
Operating income	1,467	2,538	9,386	10,835
Interest expense	(335)	(1,173)	(1,370)	(2,777)
Other expense	(9)	(3)	(42)	(10)
Income before income taxes	1,123	1,362	7,974	8,048
Income tax expense	193	304	3,746	3,828
Net income	$930	$1,058	$4,228	$4,220
Basic earnings per share	$0.02	$0.02	$0.09	$0.09
Diluted earnings per share	$0.02	$0.02	$0.09	$0.09
Weighted-average basic shares outstanding	48,780	48,021	48,589	47,858
Weighted-average diluted shares outstanding	50,390	48,502	49,707	48,397

See accompanying notes to the condensed consolidated financial statements.

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DHI GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)
(in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net income	$930	$1,058	$4,228	$4,220
Foreign currency translation adjustment	(894)	1,782	(2,431)	4,653
Total other comprehensive income (loss)	(894)	1,782	(2,431)	4,653
Comprehensive income	$36	$2,840	$1,797	$8,873

See accompanying notes to the condensed consolidated financial statements.

DHI GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(in thousands)

	Nine Months Ended September 30,	
	2018	2017
Cash flows from operating activities:		
Net income	$4,228	$4,220
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation	7,155	7,703
Amortization of intangible assets	482	1,686
Deferred income taxes	1,830	(23)
Amortization of deferred financing costs	146	642
Stock based compensation	5,362	6,275
Impairment of fixed assets	—	2,226
Change in unrecognized tax benefits	382	2,358
Gain on sale of businesses, net	(3,435)	—
Changes in operating assets and liabilities:		
Accounts receivable	15,772	10,607
Prepaid expenses and other assets	1,709	(1,041)
Capitalized contract costs	(1,587)	—
Accounts payable and accrued expenses	(4,180)	(152)
Income taxes receivable/payable	(1,021)	(3,599)
Deferred revenue	(18,622)	(3,774)
Other, net	469	51
Net cash flows from operating activities	8,690	27,179
Cash flows from (used in) investing activities:		
Net cash received from sale of businesses	17,542	—
Purchases of fixed assets	(6,604)	(10,160)
Purchase of cost method investments	—	(500)
Net cash flows from (used in) investing activities	10,938	(10,660)
Cash flows used in financing activities:		
Payments on long-term debt	(30,000)	(17,000)
Proceeds from long-term debt	5,000	—
Payments under stock repurchase plan	(828)	—
Proceeds from stock option exercises	—	403
Purchase of treasury stock related to vested restricted stock	(547)	(1,125)
Net cash flows used in financing activities	(26,375)	(17,722)
Effect of exchange rate changes	(662)	302
Net change in cash for the period	(7,409)	(901)
Cash, beginning of period	12,068	22,987
Cash, end of period	$4,659	$22,086

See accompanying notes to the condensed consolidated financial statements.

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DHI GROUP, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements of DHI Group, Inc. ("DHI" or the "Company") have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and disclosures normally included in annual audited consolidated financial statements prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") have been omitted and condensed pursuant to such rules and regulations. In the opinion of the Company's management, all adjustments (consisting of only normal and recurring accruals) have been made to present fairly the financial position, results of operations and cash flows of the Company for the periods presented. Although the Company believes that the disclosures are adequate to make the information presented not misleading, these financial statements should be read in conjunction with the Company's audited consolidated financial statements as of and for the year ended December 31, 2017 included in the Company's Annual Report on Form 10-K for the year ended December 31, 2017 (the "Annual Report on Form 10-K"). Operating results for the nine month period ended September 30, 2018 are not necessarily indicative of the results to be achieved for the full year.

Preparation of the condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenue and expenses during the period. Management believes the most complex and sensitive judgments, because of their significance to the condensed consolidated financial statements, result primarily from the need to make estimates about the effects of matters that are inherently uncertain. Actual results could differ materially from management's estimates reported in the condensed consolidated financial statements and footnotes thereto. There have been no significant changes in the Company's assumptions regarding critical accounting estimates during the nine month period ended September 30, 2018.

2. NEW ACCOUNTING STANDARDS

In May 2014, the Financial Accounting Standards Board (the "FASB") issued ASU No. 2014-09 ("Topic 606"), Revenue from Contracts with Customers. Topic 606 supersedes the revenue recognition requirements in Accounting Standards Codification Topic 605, Revenue Recognition, and requires entities to measure and recognize revenue and the related cash flows it expects to be entitled for the transfer of promised goods or services to customers and requires an entity to recognize the incremental costs of obtaining a contract with a customer as an asset if the entity expects to recover those costs over time. Topic 606 became effective for reporting periods beginning after December 15, 2017. Topic 606 provides companies with two implementation methods. Companies can choose to apply the standard retrospectively to each prior reporting period presented (full retrospective application) or retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening balance of retained earnings of the annual reporting period that include the date of initial application (modified retrospective application). The Company has chosen the modified retrospective application method and has implemented Topic 606 effective January 1, 2018. The Company has determined that the January 1, 2018 cumulative effect to its revenue streams was an increase of approximately $0.2 million to deferred revenues, and the cumulative effect to its contract acquisition costs was an increase to contract acquisition cost assets of approximately $6.1 million, with a net after tax increase to retained earnings of approximately $4.5 million. The cumulative impact on contract acquisition costs was computed based on contracts in force as of December 31, 2017 using average commission rates on both new business sales to be amortized over approximately two years and the remaining sales contracts to be amortized over approximately one year. See Note 3 to the Notes to the Condensed Consolidated Financial Statements.

In January 2016, the FASB issued ASU No. 2016-01, Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities. The new standard aims to improve existing U.S. GAAP and will change certain aspects of accounting for equity investments, financial instruments, financial liabilities, and the presentation and related disclosures. The updated standard becomes effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The Company adopted the new standard in the first quarter of 2018, and has determined the adoption did not have a material impact on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, Leases. The new standard has requirements on how to account for leases by both the lessee and the lessor and adds clarification for what constitutes a lease, among other items. The updated standard becomes effective for fiscal years beginning after December 15, 2018 and interim periods the following year, with early adoption permitted. The new standard must be applied using a modified retrospective transition. In July 2018, the FASB issued updated guidance which allows an additional transition method to adopt the new standard at the adoption date, as compared to the beginning of the earliest period presented, and recognize a cumulative-effect adjustment to the beginning balance of retained earnings in the period of adoption. The Company expects to elect this transition method at the adoption date of January 1, 2019. The Company is currently finalizing its lease portfolio analysis to determine the impact to its consolidated financial statements. Adoption of this standard will result in a right-of-use asset and a related lease liability being established to reflect the present value of the future lease payments of the lease. The Company is implementing processes and tools to assist in the ongoing lease data collection and analysis, and updating accounting policies and internal controls that would be impacted by the new guidance, to ensure readiness for adoption in the first quarter of 2019.

In August 2018, the FASB issued ASU No. 2018-15, Intangibles-Goodwill and Other-Internal-Use Software: Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract. The new standard requires entities that are customers in cloud computing arrangements to defer implementation costs if they would be capitalized by the entity in software licensing arrangements under the internal-use software guidance. ASU No. 2018-15 is effective for fiscal years beginning after December 15, 2019 and interim periods within those years and early adoption is permitted. The amendments allow either a retrospective or prospective approach to all implementation costs incurred after adoption. The Company is evaluating the expected impact of this standard on its consolidated financial statements.

3. REVENUE RECOGNITION

On January 1, 2018, we adopted Topic 606 applying the modified retrospective method to all contracts that were not completed as of January 1, 2018. Results for reporting periods beginning after January 1, 2018 will be presented under Topic 606, while prior period amounts will not be adjusted and will continue to be reported under the accounting standards in effect for the period presented.

We recorded a net increase to opening retained earnings of $4.5 million as of January 1, 2018 due to the cumulative impact of adopting Topic 606.

Changes in accounting policies as a result of adopting Topic 606 and nature of goods

The Company recognizes revenue when control of the promised goods or services is transferred to our customers at an amount that reflects the consideration to which we expect to receive in exchange for those goods or services. Revenue is recognized net of customer discounts ratably over the service period. Customer billings delivered in advance of services being rendered are recorded as deferred revenue and recognized over the service period. The Company generates revenue from the following sources:

Recruitment packages. Recruitment package revenues are derived from the sale to recruiters and employers of a combination of job postings and access to a searchable database of candidates on the Dice, ClearanceJobs, eFinancialCareers, and Rigzone (sold the RigLogix portion of the Rigzone business on February 20, 2018 and transferred majority ownership of the remaining Rigzone business to Rigzone management on August 31, 2018) websites. Certain of the Company’s arrangements include multiple performance obligations, which primarily consists of the ability to post jobs and access to a searchable database of candidates. The Company determines the units of accounting for multiple performance obligations in accordance with Topic 606. Specifically, the Company considers a performance obligation as a separate unit of accounting if it has value to the customer on a standalone basis. The Company’s arrangements do not include a general right of return. Services to customers buying a package of available job postings and access to the database are delivered over the same period and revenue is recognized ratably over the length of the underlying contract, typically from one to twelve months. The separation of the package into two deliverables results in no change in revenue recognition since delivery of the two services occurs over the same time period.

Advertising revenue. Advertising revenue is recognized over the period in which the advertisements are displayed on the websites or at the time a promotional e-mail is sent out to the audience.

Classified revenue. Classified job posting revenues are derived from the sale of job postings to recruiters and employers. A job posting is the ability to list a job on the website for a specified time period. Revenue from the sale of classified job postings is recognized ratably over the length of the contract or the period of actual usage.

Data services revenue. Access to the Company’s database of energy industry data is provided to customers for a fee. Data services revenue is recognized ratably over the length of the underlying contract, typically from one to twelve months. The data services business, called RigLogix, was sold on February 20, 2018.

Career fair and recruitment event booth rentals. Career fair and recruitment event revenues are derived from renting booth space to recruiters and employers. Revenue from these sales are recognized when the career fair or recruitment event is held.

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DHI GROUP, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Disaggregation of revenue

Our brands serve various economic professions, such as technology, financial, hospitality (the Hcareers business was sold on May 22, 2018), and energy (sold the RigLogix portion of the Rigzone business on February 20, 2018 and transferred majority ownership of the remaining Rigzone business to Rigzone management on August 31, 2018). The following table provides information about disaggregated revenue by brand and includes a reconciliation of the disaggregated revenue with reportable segments (in thousands):

	Three Months Ended September 30, 2018			Nine Months Ended September 30, 2018		
	Tech-Focused	Corporate & Other	Total	Tech-Focused	Corporate & Other	Total
Dice	$23,715	$ —	$23,715	$70,486	$ —	$70,486
ClearanceJobs	5,422	—	5,422	15,359	—	15,359
Dice Europe (2)	461	—	461	3,008	—	3,008
eFinancial Careers	8,388	—	8,388	25,418	—	25,418
Hcareers (1)	—	—	—	—	5,329	5,329
Rigzone (1)	—	931	931	—	3,771	3,771
BioSpace (1)	—	—	—	—	212	212
Total	$37,986	$ 931	$38,917	$114,271	$ 9,312	$123,583

(1) The Company sold the RigLogix portion of the Rigzone business on February 20, 2018 and transferred majority ownership of the remaining Rigzone business to Rigzone management on August 31, 2018. Hcareers was sold on May 22, 2018 and the Company transferred majority ownership of BioSpace to BioSpace management on January 31, 2018.
(2) The Company ceased Dice Europe operations on August 31, 2018.

Revenue for periods ending prior to January 1, 2018 have not been presented under Topic 606.

Contract Balances

The following table provides information about opening and closing balances of receivables and contract liabilities from contracts with customers as required under Topic 606 (in thousands):

	As of September 30, 2018	As of January 1, 2018
Receivables	$ 19,080	$38,769
Short-term contract liabilities (deferred revenue)	55,057	83,810
Long-term contract liabilities (deferred revenue)	1,368	—

We receive payments from customers based upon contractual billing schedules; accounts receivable is recorded when customers are invoiced per the contractual billings schedules. As the Company's standard payment terms are less than one year, the Company elected the practical expedient, where applicable. As a result, the Company did not consider the effects of a significant financing component. Contract liabilities include customer billings delivered in advance of performance under the contract, and associated revenue is realized when services are rendered under the contract.

Receivables increase due to customer billings and decrease by cash collected from customers along with business divestitures. Included in January 1, 2018 is $4.4 million of receivables related to businesses divested during the nine months ended September 30, 2018. Contract liabilities increase due to customer billings and are decreased as performance obligations are satisfied under the contracts. Included in January 1, 2018 is $8.4 million of short-term contract liabilities related to the businesses divested during the nine months ended September 30, 2018.

During the three and nine months ended September 30, 2018, the Company recognized the following revenues as a result of changes in the contract liability balances in the respective periods (in thousands):

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	Three Months Ended September 30, 2018		Nine Months Ended September 30, 2018	
Revenue recognized in the period from:				
Amounts included in the contract liability at the beginning of the period	$	28,933	$	69,897

Transaction price allocated to the remaining performance obligations

Under the guidance of Topic 606, the following table includes estimated revenue expected to be recognized in the future related to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period (in thousands):

	Remainder of 2018	2019	2020	Total
Tech-focused	$ 27,991	$27,872	$562	$56,425

Contract acquisition costs

In connection with the adoption of Topic 606, we are required to capitalize certain contract acquisition costs consisting primarily of commissions paid when contracts are signed. As allowed for by the practical expedient, the Company is using a portfolio approach for contract acquisition costs, which allows the new revenue guidance to be applied to a portfolio of contracts with similar characteristics. As a result, the Company has applied the portfolio approach to new business contracts and recurring or remaining business contracts. The Company reasonably expects that the effects of applying the portfolio approach would not differ materially from applying Topic 606 at the individual contract level. As of January 1, 2018, the date we adopted Topic 606, we capitalized $6.1 million in contract acquisition costs related to contracts that were not completed. The cumulative effect for contract acquisition costs was computed based on contracts in force as of December 31, 2017 using the average commission rates on both new business sales contracts, to be amortized over approximately two years, and the remaining sales contracts to be amortized over approximately one year. For costs incurred to obtain new business sales contracts, we will record these costs over an average customer life, which was determined using customer renewal rates; for the remaining sales contracts, we will record these costs over the weighted average contract term. For the three and nine months ended September 30, 2018, the Company recorded $2.7 million and $7.5 million of expense, respectively, related to the amortization of contract acquisition costs and there was no impairment loss incurred. During the three and nine months ended September 30, 2018, $0.3 million and $1.2 million of contract acquisition costs were removed, respectively, due to the sale of BioSpace and RigLogix in the first quarter of 2018, the sale of Hcareers in the second quarter of 2018, and the transfer of majority ownership of the remaining Rigzone business to Rigzone management in the third quarter of 2018.

In accordance with Topic 606, the impact of adoption to our condensed consolidated statements of operations was as follows:

Three Months Ended
September 30, 2018

(in thousands, except per share amounts)	As Reported	Balance Without Adoption of Topic 606	Effect of Change-Higher (Lower)
Revenues	$ 38,917	$ 38,917	$ —
Operating expenses	$ 37,085	$ 36,914	$ 171
Loss on sale of business	$ (365)	$ (63)	$ 302
Operating income	$ 1,467	$ 1,940	$ (473)
Net income	$ 930	$ 1,285	$ (355)
Basic earnings per share	$ 0.02	$ 0.03	$ (0.01)
Diluted earnings per share	$ 0.02	$ 0.03	$ (0.01)

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DHI GROUP, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

	Nine Months Ended September 30, 2018		
(in thousands, except per share amounts)	As Reported	Balance Without Adoption of Topic 606	Effect of Change- Higher (Lower)
Revenues	$123,583	$123,545	$38
Operating expenses	$117,632	$119,058	$(1,426)
Gain on sale of businesses	$3,435	$4,634	$(1,199)
Operating income	$9,386	$9,121	$265
Net income	$4,228	$4,029	$199
Basic earnings per share	$0.09	$0.08	$0.01
Diluted earnings per share	$0.09	$0.08	$0.01

In accordance with Topic 606, the impact of adoption to our condensed consolidated balance sheets was as follows:

	As of September 30, 2018		
(in thousands)	As Reported	Balance Without Adoption of Topic 606	Effect of Change-Higher (Lower)
ASSETS			
Capitalized contract costs	$6,313	$—	$ 6,313
Total assets	$251,405	$245,092	$ 6,313
LIABILITIES AND STOCKHOLDERS' EQUITY			
Deferred revenue	$55,057	$55,095	$ (38)
Deferred income taxes	$9,667	$8,001	$ 1,666

Total liabilities	$107,469	$105,841	$ 1,628
Stockholders equity			
Accumulated earnings	$68,490	$63,805	$ 4,685
Total stockholders' equity	$143,936	$139,251	$ 4,685
Total liabilities & stockholders' equity	$251,405	$245,092	$ 6,313

In accordance with Topic 606, the impact of adoption to our condensed consolidated statements of cash flows was as follows:

	Nine Months Ended September 30, 2018		
	As Reported	Balance Without Adoption of Topic 606	Effect of Change-Higher (Lower)
Cash flows from operating activities:			
Net income	$4,228	$4,029	$ 199
Adjustments to reconcile net income to net cash flows from operating activities:			
Deferred income taxes	$1,830	$1,603	$ 227
Gain on sale of businesses, net	$(3,435)	$(4,634)	$ 1,199
Capitalized contract costs	$(1,587)	$—	$ (1,587)
Deferred revenue	$(18,622)	$(18,584)	$ (38)
Net cash flows from operating activities	$8,690	$8,690	$ —

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4. SALE OF BUSINESSES

The Company transferred a majority ownership of the Rigzone business to Rigzone management on August 31, 2018. The Company retained a 40% common share interest in Rigzone. The Company incurred approximately $0.4 million in selling costs and recognized a $0.4 million loss on sale in the third quarter of 2018.

The Company sold the Hcareers business on May 22, 2018 for $16.5 million and incurred approximately $1.5 million in selling costs, with $1.7 million of the purchase price placed in escrow (recorded in prepaid and other current assets), to be released twelve months after the closing date, subject to the terms and conditions of the transaction agreement, including certain contingencies. Additionally, the Company recorded a receivable of $0.2 million (recorded in prepaid and other current assets) related to working capital to be released four months after the closing date, subject to the terms and conditions of the transaction agreement. As of September 30, 2018, working capital had not been finalized. Net cash proceeds of $14.0 million were received on the date of sale of Hcareers. As a result of the sale, a $0.8 million loss was recognized in the second quarter of 2018.

The Company sold the RigLogix portion of the Rigzone business on February 20, 2018 for $4.2 million and incurred approximately $0.6 million in selling costs. $0.4 million of the purchase price was placed in escrow (recorded in prepaid and other current assets) and will be released twelve months after the closing date, subject to the terms and conditions of the transaction agreement. As a result of the sale, a $4.6 million gain was recognized in the first quarter of 2018. The gain on sale exceeded net proceeds as liabilities transferred in the transaction exceeded assets, primarily due to deferred revenues of $1.2 million.

The Company transferred a majority ownership of the BioSpace business to BioSpace management on January 31, 2018. The Company retained a preferred share interest in BioSpace, Inc., representing a 20% diluted interest. The Company incurred approximately $0.3 million in selling costs and recognized a $0.1 million gain on sale in the first quarter of 2018.

The Company sold the Health eCareers business on December 4, 2017 for $15 million, with $1.5 million of the purchase price placed in escrow (recorded in prepaid and other current assets), to be released eighteen months after the closing date, subject to the terms and conditions of the transaction agreement.

5. FAIR VALUE MEASUREMENTS

The FASB ASC topic on Fair Value Measurements and Disclosures defines fair value, establishes a framework for measuring fair value and requires certain disclosures for each major asset and liability category measured at fair value on either a recurring or nonrecurring basis. As a basis for considering assumptions, a three-tier fair value hierarchy is used, which prioritizes the inputs used in measuring fair value as follows:

- Level 1 – Quoted prices for identical instruments in active markets.
- Level 2 – Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations, in which all significant inputs are observable in active markets.
- Level 3 – Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The carrying amounts reported in the Condensed Consolidated Balance Sheets for cash, accounts receivable, other assets, accounts payable and accrued expenses and long-term debt approximate their fair values. The fair value of the long-term debt was estimated using present value techniques and market based interest rates and credit spreads. The estimated fair value of long-term debt is based on Level 2 inputs.

Certain assets and liabilities are measured at fair value on a non-recurring basis. These assets include investments (included in other assets), goodwill and intangible assets which result as acquisitions occur. Items valued using such internally generated valuation techniques are classified according to the lowest level input or value driver that is significant to the valuation. Thus, an item may be classified in Level 3 even though there may be some significant inputs that are readily observable. Such instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances, for example, when there is evidence of impairment.

6. INVESTMENTS

During 2017, the Company purchased preferred stock representing an additional 2.3% interest in the fully diluted shares of a leading tech skills assessment company for $0.5 million, which brought the Company's total interest to 10.0%. As of September 30, 2018, it was not practicable to estimate the fair value of the preferred stock as the shares are not traded. The investment is carried at its original cost of $2.0 million, which is included in the other assets section of the Condensed Consolidated Balance Sheets.

On January 31, 2018, the Company transferred a majority ownership of the BioSpace business to BioSpace management with zero proceeds received from the transfer. The Company retained a 20% preferred share interest in the BioSpace business. The fair value of the investment was estimated to be zero at the time of the transfer. As of September 30, 2018, it was not practicable to estimate the fair value of the preferred stock investment as the shares are not traded. The investment is recorded at cost, which is zero. Upon a liquidation, sale or change in control of BioSpace within five years of January 31, 2018, the Company has the right to the first $1.0 million of proceeds or the option to convert its 20% preferred stock interest to a 20% common stock interest. On January 31, 2023, the 20% preferred share interest will convert to a 20% common share interest.

On August 31, 2018, the Company transferred a majority ownership of the Rigzone business to Rigzone management, while retaining a 40% common share interest, with zero proceeds received from the transfer. The Company has agreed to provide $0.4 million of funding to the Rigzone business, which is recorded in accounts payable and accrued expenses on the condensed consolidated balance sheets. The Company has no further funding requirements to the Rigzone business. The Company has evaluated the 40% common share interest in the Rigzone business and has determined the investment meets the definition and criteria of a variable interest entity ("VIE"). The Company evaluated the VIE and determined that the Company does not have a controlling financial interest in the VIE, as the Company does not have the power to direct the activities of the VIE that most significantly impact the VIE's economic performance. The common share interest is being accounted for under the equity method of accounting as the Company has the ability to exercise significant influence over Rigzone. The investment is recorded at cost, which was zero at September 30, 2018.

Rigzone is a website dedicated to delivering online content, data, and career services in the oil and gas industry in North America, Europe, the Middle East, and Asia Pacific. Oil and gas companies, as well as companies that serve the energy industry, use Rigzone to find talent for roles such as petroleum engineers, sales professionals with energy industry expertise and skilled tradesmen.

7. ACQUIRED INTANGIBLE ASSETS, NET

As a result of the sale of Hcareers (sold May 22, 2018), the Company disposed of all its remaining unamortized acquired intangible assets. Acquired intangible assets disposed of in conjunction with the sale had costs of $12.9 million and accumulated amortization of $6.7 million. Therefore, as of September 30, 2018, the net value of all finite-lived assets was zero.

Below is a summary of the major acquired intangible assets (in thousands) as of December 31, 2017:

	Total Cost	Accumulated Amortization	Foreign Currency Translation Adjustment	Acquired Intangible Assets, Net
Technology	$4,561	$ (3,930)	$ (631)	$ —
Trademarks and brand names—Dice	39,000	—	—	39,000
Trademarks and brand names—Other	11,103	(7,260)	(2,185)	1,658
Customer lists	12,887	(5,696)	(2,112)	5,079
Candidate and content database	8,857	(8,354)	(503)	—
Acquired intangible assets, net	$76,408	$ (25,240)	$ (5,431)	$ 45,737

As of September 30, 2018, the Company had an indefinite-lived asset of $39.0 million related to the Dice trademark and brand name. The Company evaluates the indefinite-lived asset for impairment on an annual basis. No impairment has been recorded during the three or nine month periods ended September 30, 2018. The Company is currently performing its annual impairment testing analysis as of October 1, 2018.

We determine whether the carrying value of recorded indefinite-lived acquired intangible assets is impaired on an annual basis or more frequently if indicators of potential impairment exist. The impairment review process compares the fair value of the indefinite-lived acquired intangible assets to its carrying value. If the carrying value exceeds the fair value, an impairment loss is recorded. The impairment test performed as of October 1, 2017 resulted in the fair value of the Dice trademark and brand name exceeding the carrying value by 4%.

Revenues attributable to the Dice trademarks and brand name have declined due to competition in the technology recruiting market, challenges in developing and introducing new products and product enhancements to the market, and the Company's ability to attribute value delivered to customers. Revenues related to the Dice trademark and brand name, excluding Dice Europe, which ceased operations on August 31, 2018, declined 13% and 5% for the years ended December 31, 2017 and 2016, respectively. As of September 30, 2018, revenue projections for the year ending December 31, 2018 include a 7% decline, demonstrating anticipated improvement to the rate of decline experienced in the year ended December 31, 2017. The rate of revenue decline during the year ending December 31, 2018 has consistently decreased with the first quarter declining 11%, the second quarter declining 8%, the third quarter declining 6%, and the fourth quarter projected to decline approximately 4%. Projections for the year ending December 31, 2019 are expected to decline approximately 1% and then grow in the subsequent years. The Company's ability to achieve these revenue projections may be impacted by, among other things, the factors noted above that have contributed to the decline in recent periods. Projected future cash flows attributable to the Dice trademark and brand name declined as a result of the lower projected revenue, as well as increased spending focused on new and enhanced products and marketing campaigns. Operating expenses, excluding amortization expense, impairment charges and disposition related and other costs in the projections are expected to remain approximately consistent for the year ending December 31, 2018 as compared to the year ended December 31, 2017 and then increase at levels that allow for modest operating margin improvements. The Company utilized a relief from royalty rate method to value the Dice trademarks and brand name using a royalty rate of 5.0%.

The determination of whether or not indefinite-lived acquired intangible assets have become impaired involves a significant level of judgment in the assumptions underlying the approach used to determine the value of the indefinite-lived acquired intangible assets. Fair values are determined using a profit allocation methodology which estimates the value of the trademark and brand name by capitalizing the profits saved because the company owns the asset. We consider factors such as historical performance, anticipated market conditions, operating expense trends and capital expenditure requirements. Changes in our strategy and/or market conditions could significantly impact these judgments and require adjustments to recorded amounts of intangible assets.

8. INDEBTEDNESS

Credit Agreement—The Company, together with Dice, Inc. (a wholly-owned subsidiary of the Company) and its wholly-owned subsidiary, Dice Career Solutions, Inc. (collectively, the "Borrowers"), maintains an Amended and Restated Credit Agreement (the "Credit Agreement"), which matures in November 2020. The Credit Agreement, when entered into during November 2015, provided for a revolving loan facility of $250.0 million, which was subsequently reduced to $150.0 million in August 2017, as permitted under the Credit Agreement.

Borrowings under the Credit Agreement bear interest, at the Company's option, at a LIBOR rate or a base rate plus a margin. The margin ranges from 1.75% to 2.50% on LIBOR loans and 0.75% to 1.50% on base rate loans, determined by the Company's most recent consolidated leverage ratio. The facility may be prepaid at any time without penalty.

The Credit Agreement contains various customary affirmative and negative covenants and also contains certain financial covenants, including a consolidated leverage ratio and a consolidated interest coverage ratio. Borrowings are allowed under the Credit Agreement to the extent the consolidated leverage ratio, calculated on a pro forma basis, is equal to or less than 3.0 to 1.0. Negative covenants include restrictions on incurring certain liens; making certain payments, such as stock repurchases and dividend payments; making certain investments; making certain acquisitions; making certain dispositions; and incurring additional indebtedness. Restricted payments are allowed under the Credit Agreement to the extent the consolidated leverage ratio, calculated on a pro forma basis, is equal to or less than 2.0 to 1.0, plus an additional $5.0 million of restricted payments. The Credit Agreement also provides that the payment of obligations may be accelerated upon the occurrence of customary events of default, including, but not limited to, non-payment, change of control, or insolvency. As of September 30, 2018, the Company was in compliance with all of the financial covenants under the Credit Agreement.

The obligations under the Credit Agreement are guaranteed by two of the Company’s wholly-owned subsidiaries, eFinancialCareers, Inc. and Targeted Job Fairs, Inc. and secured by substantially all of the assets of the Borrowers and the guarantors and stock pledges from certain of the Company’s foreign subsidiaries.

The amounts borrowed as of September 30, 2018 and December 31, 2017 are as follows (dollars in thousands):

	September 30, 2018	December 31, 2017
Amounts borrowed:		
Revolving credit facility	$ 17,000	$ 42,000
Less: deferred financing costs, net of accumulated amortization of $1,674 and $1,529	(404)	(550)
Total borrowed	$ 16,596	$ 41,450
Available to be borrowed under revolving facility, subject to certain limitations	$ 133,000	$ 108,000
Interest rates:		
LIBOR rate loans:		
Interest margin	1.75 %	2.25 %
Actual interest rates	3.88 %	3.88 %

There are no scheduled payments until maturity of the Credit Agreement in November 2020.

9. COMMITMENTS AND CONTINGENCIES

Leases

The Company leases equipment and office space under operating leases expiring at various dates through December 2026. Future minimum lease payments under non-cancellable operating leases as of September 30, 2018 are as follows (in thousands):

October 1, 2018 through December 31, 2018	$ 1,013
2019	3,646
2020	3,078
2021	2,512
2022	2,231
2023 and thereafter	6,543
Total minimum payments	$ 19,023

Rent expense was $0.7 million and $3.0 million for the three and nine month periods ended September 30, 2018, respectively, and $1.2 million and $3.6 million for the three and nine month periods ended September 30, 2017, respectively, and is included in General and Administrative expense in the Condensed Consolidated Statements of Operations.

Litigation

The Company is subject to various claims from taxing authorities, lawsuits and other complaints arising in the ordinary course of business. The Company records provisions for losses when claims become probable and the amounts are reasonably estimable. Although the outcome of these legal matters, except as described below and recorded in the condensed consolidated financial statements, cannot be determined, it is the opinion of management that the final resolution of these matters will not have a material effect on the Company’s financial condition, operations or liquidity.

During the first quarter of 2018, the Company recorded a $1.0 million liability related to a class action lawsuit regarding the applicability of provisions of the Fair Credit Reporting Act (the "FCRA") to one of our products. The recorded liability reflects a tentative settlement, which upon execution and final approval by the court, will resolve all remaining claims subject to the lawsuit. The lawsuit was brought by Ian Douglas, individually, as a representative of the class and on behalf of the general public, against DHI Group, Inc. and Dice Inc. asserting six claims under the FCRA that the Company’s Open Web profiles are “consumer reports” and Dice is a “consumer reporting agency” under the

FCRA, including claims pursuant to the private right of action in 15 U.S.C. Section 1681n for alleged willful violations of the FCRA. The action was originally filed in a federal district court on July 26, 2017, but as a part of the settlement process, the action has been re-filed and is pending in the Superior Court of Santa Clara County, California (Case No. 18CV331732).

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Tax Contingencies
The Company operates in a number of tax jurisdictions and is routinely subject to examinations by various tax authorities with respect to income taxes and indirect taxes. The determination of the Company's worldwide provision for taxes requires judgment and estimation. The Company has reserved for potential examination adjustments to our provision for income taxes and accrual of indirect taxes in amounts which the Company believes are reasonable.

10. EQUITY TRANSACTIONS

Stock Repurchase Plans—In May 2018, the Board of Directors authorized a stock repurchase program that permits the purchase of up to $7 million of the Company's common stock through May 2019. Under the plan, management has discretion in determining the conditions under which shares may be purchased from time to time.
During the quarter ended September 30, 2018 purchases of the Company's common stock pursuant to the Stock Repurchase Plan was as follows:

Total Number of Shares Purchased	Average Price Paid per Share	Approximate Dollar Value of Shares Purchased	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
347,280	$2.08	$714,642	$6,183,521

During the nine month period ended September 30, 2018, purchases of the Company's common stock pursuant to the Stock Repurchase Plan was as follows:

Total Number of Shares Purchased	Average Price Paid per Share	Approximate Dollar Value of Shares Purchased	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
402,297	$1.79	$808,433	$6,183,521

There were 10,500 unsettled share repurchases as of September 30, 2018.
Unclaimed Shareholder Liability - Prior to the third quarter of 2018, other long-term liabilities included $1.0 million due to former shareholders of the Company under a Joint Plan of Reorganization that was agreed to by the Company and two of its creditors, and confirmed by the U.S. Bankruptcy Court of the Southern District Court of New York on June 24, 2003. During the three-month period ending September 30, 2018, the Company concluded the amounts owed were no longer due and payable and further, the amounts owed represent additional equity of the Company. Accordingly, the Company reclassified $1.0 million from other long-term liabilities to additional paid-in capital during the quarter.

11. DISPOSITION RELATED AND OTHER COSTS

In May 2017, the Company announced plans to divest a number of its non-tech businesses to achieve greater focus and resource allocation toward its core tech-focused business. The planned divestitures include: Health eCareers (sold December 4, 2017), BioSpace (transferred majority ownership to BioSpace management on January 31, 2018), Hcareers (sold May 22, 2018), and Rigzone (sold the RigLogix portion of the Rigzone business on February 20, 2018 and transferred majority ownership of the remaining Rigzone business to Rigzone management on August 31, 2018). Additionally, the Company ceased the Dice Europe operations on August 31, 2018. In connection with the planned divestitures and focus on the tech business, the Company incurred certain severance, reorganization, and other related costs to further these strategic objectives.
The following table displays a roll forward of the disposition related and other costs and related liability balances (in thousands):

Three Months Ended September 30, 2018	Accrual at June 30, 2018	Expense	Cash Payments	Accrual at September 30, 2018
Severance and retention	$ 1,522	$ 932	$ (711)	$ 1,743
Professional fees and other costs	451	508	(557)	402
Lease exit costs	259	645	(308)	596
Total disposition related and other costs	$ 2,232	$ 2,085	$ (1,576)	$ 2,741

Nine Months Ended September 30, 2018	Accrual at December 31, 2017	Expense	Cash Payments	Non-cash Impairment	Accrual at September 30, 2018
Severance and retention	$ 1,237	$ 2,702	$ (2,196)	$ —	$ 1,743
Professional fees and other costs	825	1,440	(1,863)	—	402
Lease exit and related asset impairment	—	1,072	(308)	(168)	596
Total disposition related and other costs	$ 2,062	$ 5,214	$ (4,367)	$ (168)	$ 2,741

Three Months Ended September 30, 2017	Accrual at June 30, 2017	Expense	Cash Payments	Accrual at September 30, 2017
Severance and retention	$ 853	$ 676	$ (844)	$ 685
Professional fees and other costs	70	373	(179)	264
Total disposition related and other costs	$ 923	$ 1,049	$ (1,023)	$ 949

Nine Months Ended September 30, 2017	Accrual at December 31, 2016	Expense	Cash Payments	Accrual at September 30, 2017
Severance and retention	$ —	$ 1,793	$ (1,108)	$ 685
Professional fees and other costs	—	443	(179)	264
Total disposition related and other costs	$ —	$ 2,236	$ (1,287)	$ 949

12. STOCK BASED COMPENSATION

Under the 2012 Omnibus Equity Award Plan, the Company has granted stock options, restricted stock and Performance-Based Restricted Stock Units ("PSUs") to certain employees and directors. Beginning January 1, 2017, as a result of ASU No. 2016-09, the Company recorded expense based upon the number of awards outstanding with no estimate for forfeitures, which are recorded as they occur.

The Company recorded total stock based compensation expense of $1.3 million and $5.4 million during the three and nine month periods ended September 30, 2018, respectively, and $1.7 million and $6.3 million during the three and nine month periods ended September 30, 2017, respectively. At September 30, 2018, there was $8.9 million of unrecognized compensation expense related to unvested awards, which is expected to be recognized over a weighted-average period of approximately 1.5 years.

During the three months ended June 30, 2018, the Company granted 1,750,000 shares of restricted stock as an Inducement Grant Under NYSE Rule 303A.08 in connection with the employment agreement for the Company's new Chief Executive Officer. The Chief Executive Officer is also entitled to an award of 750,000 performance based restricted stock units, which will be made in accordance with a performance-based restricted stock unit program created by the Company.

Restricted Stock—Restricted stock is granted to employees of the Company and its subsidiaries, and to non-employee members of the Company's Board. These shares are part of the compensation plan for services provided by the employees or Board members. The closing price of the Company's stock on the date of grant is used to determine the fair value of the grants. The expense related to the restricted stock grants is recorded over the vesting period. There was no cash flow impact resulting from the grants.

The restricted stock vests in various increments on the anniversaries of each grant, subject to the recipient's continued employment or service through each applicable vesting date. Vesting occurs over one year for Board members and over two to four years for employees.

A summary of the status of restricted stock awards as of September 30, 2018 and 2017 and the changes during the periods then ended is presented below:

	Three Months Ended September 30, 2018		Three Months Ended September 30, 2017	
	Shares	Weighted-Average Fair Value at Grant Date	Shares	Weighted-Average Fair Value at Grant Date
Non-vested at beginning of the period	4,896,447	$ 2.48	2,417,300	$ 6.38
Granted	7,440	$ 2.05	38,000	$ 2.80
Forfeited	(180,000)	$ 3.63	(183,375)	$ 6.71
Vested	(118,690)	$ 2.92	(35,125)	$ 8.93
Non-vested at end of period	4,605,197	$ 2.41	2,236,800	$ 6.25

	Nine Months Ended September 30, 2018		Nine Months Ended September 30, 2017	
	Shares	Weighted-Average Fair Value at Grant Date	Shares	Weighted-Average Fair Value at Grant Date
Non-vested at beginning of the period	2,393,257	$ 5.48	2,226,375	$ 7.87
Granted	3,770,440	$ 1.68	1,262,500	$ 4.72
Forfeited	(350,375)	$ 4.25	(438,000)	$ 6.87
Vested	(1,208,125)	$ 5.73	(814,075)	$ 7.98
Non-vested at end of period	4,605,197	$ 2.41	2,236,800	$ 6.25

PSUs—PSUs are granted to employees of the Company and its subsidiaries. These shares are part of the compensation plan for services provided by the employees. The expense related to the PSUs is recorded over the vesting period. These shares will vest on the dates the Compensation Committee certifies the Company's achievement of stock price performance relative to the Russell 2000 Index, provided that the recipient remains employed through such date. Performance will be measured over three separate measurement periods: a one-year measurement period, a two-year measurement period and a three-year measurement period. For performance periods one and two, vesting is not to exceed total grant divided by three. For performance period three, vesting is no less than zero and no greater than 150% of initial grant less shares vested in performance periods one and two. There was no cash flow impact resulting from the grants. There were no PSUs granted during the nine months ended September 30, 2018.

The fair value of PSUs granted during the nine months ended September 30, 2017 is measured using the Monte Carlo pricing model using the following assumptions:

Weighted average fair value of PSUs granted	$5.38
Dividend yield of DHI Group, Inc. stock	—%
Dividend yield of Russell 2000 Index	1.4%
Risk free interest rate	1.5%
Volatility of DHI Group, Inc. stock	41.0%
Volatility of Russell 2000 Index	16.7%

A summary of the status of PSUs as of September 30, 2018 and 2017 and the changes during the periods then ended is presented below:

	Three Months Ended September 30, 2018		Three Months Ended September 30, 2017	
	Shares	Weighted-Average Fair Value at Grant Date	Shares	Weighted-Average Fair Value at Grant Date
Non-vested at beginning of the period	505,000	$ 6.24	890,838	$ 6.92
Forfeited	—	$ —	(84,167)	$ 6.86
Non-vested at end of period	505,000	$ 6.24	806,671	$ 6.93

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	Nine Months Ended September 30, 2018		Nine Months Ended September 30, 2017	
	Shares	Weighted-Average Fair Value at Grant Date	Shares	Weighted-Average Fair Value at Grant Date
Non-vested at beginning of the period	760,003	$ 6.92	580,004	$ 8.02
Granted	—	$ —	397,500	$ 5.38
Forfeited	(255,003)	$ 8.27	(170,833)	$ 7.04
Non-vested at end of period	505,000	$ 6.24	806,671	$ 6.93

Stock Options—The fair value of each option grant is estimated using the Black-Scholes option-pricing model using the weighted-average assumptions in the table below. This valuation model requires the Company to make assumptions and judgments about the variables used in the calculation, including the fair value of the Company's common stock, the expected life (the period of time that the options granted are expected to be outstanding), the volatility of the Company's common stock, a risk-free interest rate and expected dividends. The expected life of options granted is derived from historical exercise behavior. The risk-free rate for periods within the expected life of the option is based on the U.S. Treasury rates in effect at the time of grant. The stock options vest 25% after one year, beginning on the first anniversary date of the grant, and 6.25% each quarter following the first anniversary. There was no cash flow impact resulting from the grants. No stock options were granted during the nine months ended September 30, 2018 and 2017.

A summary of the status of options previously granted as of September 30, 2018 and 2017, and the changes during the periods then ended is presented below:

	Three Months Ended September 30, 2018		
	Options	Weighted-Average Exercise Price	Aggregate Intrinsic Value
Options outstanding at beginning of the period	807,562	$ 8.67	$ —
Forfeited	(472,187)	$ 8.90	$ —
Options outstanding at end of period	335,375	$ 8.35	$ —
Exercisable at end of period	334,125	$ 8.35	$ —

	Three Months Ended September 30, 2017		
	Options	Weighted-Average Exercise Price	Aggregate Intrinsic Value
Options outstanding at beginning of the period	1,273,088	$ 9.29	$ —
Forfeited	(136,875)	$ 9.42	$ —
Options outstanding at end of period	1,136,213	$ 9.28	$ —

	Nine Months Ended September 30, 2018		
	Options	Weighted-Average Exercise Price	Aggregate Intrinsic Value
Options outstanding at beginning of the period	1,101,875	$ 9.28	$ —
Forfeited	(766,500)	$ 9.68	$ —

Options outstanding at end of period	335,375	$	8.35	$	—
Exercisable at end of period	334,125	$	8.35	$	—

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	Nine Months Ended September 30, 2017		
	Options	Weighted-Average Exercise Price	Aggregate Intrinsic Value
Options outstanding at beginning of the period	1,779,613	$ 8.46	$ 50,869
Exercised	(66,188)	$ 6.08	$ 12,821
Forfeited	(577,212)	$ 7.14	$ —
Options outstanding at end of period	1,136,213	$ 9.28	$ —
Exercisable at end of period	1,086,743	$ 9.36	$ —

The weighted-average remaining contractual term of options exercisable at September 30, 2018 is 1.8 years. The following table summarizes information about options outstanding as of September 30, 2018:

	Options Outstanding		Options Exercisable
Exercise Price	Number Outstanding	Weighted-Average Remaining Contractual Life (in years)	Number Exercisable
$ 7.00 - $ 7.99	157,375	2.4	157,375
$ 8.00 - $ 8.99	98,000	1.1	96,750
$ 9.00 - $ 9.99	80,000	1.4	80,000
	335,375		334,125

13. SEGMENT INFORMATION

The Company previously had two reportable segments which was reduced to one reportable segment when Health eCareers (Healthcare reportable segment) was sold on December 4, 2017. The remaining Tech-focused reportable segment includes the Dice, Dice Europe (ceased operations on August 31, 2018), ClearanceJobs, eFinancialCareers (formerly in the Global Industry Group segment), and Brightmatter (absorbed into Tech-focused in the third quarter of 2017 and formerly in Corporate & Other) services. Management has organized its reportable segment based upon our internal management reporting.

The Company has other services and activities that individually are not significant in relation to consolidated revenues, operating income or total assets. These include Hcareers (sold May 22, 2018), Rigzone (sold the RigLogix portion of the Rigzone business on February 20, 2018 and transferred majority ownership of the remaining Rigzone business to Rigzone management on August 31, 2018), Biospace (majority ownership transferred to BioSpace management on January 31, 2018) (each formerly in the Global Industry Group segment) and getTalent services (discontinued in the third quarter of 2017), which were recorded in the "Corporate & Other" category, along with corporate-related costs which are not considered in a segment.

The Company’s foreign operations are comprised of the Dice Europe (ceased operations on August 31, 2018) operations and a portion of the eFinancialCareers and Rigzone services (sold the RigLogix portion of the Rigzone business on February 20, 2018 and transferred majority ownership of the remaining Rigzone business to Rigzone management on August 31, 2018), which operate in Europe, the financial centers of the gulf region of the Middle East, and Asia Pacific. The Company’s foreign operations also include Hcareers (sold May 22, 2018), which operated in Canada. Revenue by geographic region, as shown in the table below, is based on the location of each of the Company’s subsidiaries.

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The following table shows the segment information (in thousands and recast for the change in reportable segments):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
By Segment:				
Revenues:				
Tech-focused	$37,986	$39,814	$114,271	$118,638
Healthcare	—	6,462	—	19,741
Corporate & Other	931	6,148	9,312	18,635
Total revenues	$38,917	$52,424	$123,583	$157,014
Depreciation:				
Tech-focused	$2,481	$1,789	$6,832	$5,144
Healthcare	—	406	—	1,451
Corporate & Other	59	381	323	1,108
Total depreciation	$2,540	$2,576	$7,155	$7,703
Amortization:				
Tech-focused	$—	$28	$—	$108
Healthcare	—	162	—	487
Corporate & Other	—	364	482	1,091
Total amortization	$—	$554	$482	$1,686
Operating income (loss):				
Tech-focused	$6,313	$9,485	$19,726	$30,700
Healthcare	—	(187)	—	(1,279)
Corporate & Other	(4,846)	(6,760)	(10,340)	(18,586)
Operating income	1,467	2,538	9,386	10,835
Interest expense	(335)	(1,173)	(1,370)	(2,777)
Other expense	(9)	(3)	(42)	(10)
Income before income taxes	$1,123	$1,362	$7,974	$8,048
Capital expenditures:				
Tech-focused	$2,363	$1,931	$6,539	$7,544
Healthcare	—	366	—	996
Corporate & Other	41	248	221	1,813
Total capital expenditures	$2,404	$2,545	$6,760	$10,353

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
By Geography:				
Revenues:				
United States	$30,468	$38,869	$90,673	$117,026

United Kingdom	3,626	4,541	12,517	13,886
EMEA, APAC and Canada (1)	4,823	9,014	20,393	26,102
Non-United States	8,449	13,555	32,910	39,988
Total revenues	$38,917	$52,424	$123,583	$157,014

(1) Europe (excluding United Kingdom), the Middle East and Africa (“EMEA”) and Asia-Pacific (“APAC”)

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	September 30, 2018	December 31, 2017
Total assets:		
Tech-focused	$ 239,261	$ 266,390
Corporate & Other	12,144	29,328
Total assets	$ 251,405	$ 295,718

The following table shows the carrying amount of goodwill by segment as of December 31, 2017 and September 30, 2018 and the changes in goodwill for the nine month period ended September 30, 2018 (in thousands):

	Tech-focused	Corporate & Other	Total
Goodwill at December 31, 2017	$ 157,477	$ 13,314	$ 170,791
Foreign currency translation adjustment	(2,129)	—	(2,129)
Sale of business	—	(13,314)	(13,314)
Goodwill at September 30, 2018	$ 155,348	$ —	$ 155,348

The Company is currently performing its annual impairment testing analysis as of October 1, 2018. The fair value of the Tech-focused reporting unit was not substantially in excess of the carrying value as of the most recent annual impairment testing date of October 1, 2017. The percentage by which the estimated fair value exceeded the carrying value for the Tech-focused reporting unit was 1%. Revenue projections for the Tech-focused reporting unit have declined due to competition in the technology recruiting market, challenges in developing and introducing new products and product enhancements to the market, the Company’s ability to attribute value delivered to customers, and continued uncertainty around Brexit. Additionally, the Company ceased operations for Dice Europe on August 31, 2018. Tech-focused revenues excluding Dice Europe, declined 7% and 4% for the years ended December 31, 2017 and 2016, respectively. Revenue projections for the year ended December 31, 2018 include a 1% decline, demonstrating an anticipated modest improvement to the rate of decline experienced in the year ended December 31, 2017, and is expected to grow revenue for the year ended December 31, 2019. The Company’s ability to achieve these projections may be impacted by, among other things, the factors noted above that have contributed to the decline in recent periods. Operating expenses, excluding amortization expense, impairment charges and disposition related and other costs in the projections are expected to remain approximately consistent for the year ending December 31, 2018 as compared to the year ended December 31, 2017 and then increase at levels that allow for modest operating margin improvements.

The Tech-focused reporting unit has gone through a period of revenue declines as a result of increasing competition for finance and technology professionals in the markets we serve, while our market for security cleared technology professionals through our ClearanceJobs brand continues to experience strong growth. Increased competition and any future declines in demand could significantly decrease the use of our finance and technology industry job posting websites and related services, which may adversely affect the Tech-focused reporting unit's financial condition and results of operations.

During the second quarter of 2018, continuing the Company’s Tech-focused strategy of targeting and investing in areas of growth for the Tech-focused business, the Company announced its intention to terminate the Dice Europe offering. Dice Europe represented 4% and 3% of the Tech-focused revenues for the year ended December 31, 2017 and the nine months ended September 30, 2018, respectively. The impact of closing the Dice Europe offering did not have a material impact on the projected financial results of the Tech-focused business.

Results for the Tech-focused reporting unit since October 1, 2017 and estimated future results as of September 30, 2018 are consistent or slightly improved compared to the projections used in the October 1, 2017 analysis. Additionally, the Tax Cuts and Jobs Act, as described in Note 15, reduced the U.S. statutory federal tax rate from 35% to 21%, thereby increasing the reporting unit's projected cash flows and the percentage by which the estimated fair value exceeded the carrying value of the reporting unit. As a result, the Company believes it is not more likely than not that the fair value of the reporting units is less than the carrying value as of September 30, 2018. Therefore, no interim impairment testing was performed as of September 30, 2018.

The amount of goodwill as of September 30, 2018 allocated to the Tech-focused reporting unit was $155.3 million. Determining the fair value of a reporting unit is judgmental in nature and requires the use of estimates and key assumptions, particularly assumed discount rates and projections of future operating results. The discount rate applied for the Tech-focused reporting unit was 12.9% as of the October 1, 2017 testing date. An increase to the discount rate applied or reductions to future projected operating results could result in future impairment of the Tech-focused reporting unit's goodwill. It is reasonably possible that changes in judgments, assumptions and estimates the Company made in assessing the fair value of goodwill could cause the Company to consider some portion or all of the goodwill of the Tech-focused reporting unit to become impaired. In addition, a future decline in the overall market conditions and/or changes in the Company's market share could negatively impact the estimated future cash flows and discount rates used to determine the fair value of the reporting unit and could result in an impairment charge in the foreseeable future. If events and circumstances change resulting in significant reductions in actual operating income or projections of future operating income, the Company will test this reporting unit for impairment prior to the annual impairment test.

14. EARNINGS PER SHARE

Basic earnings per share ("EPS") is computed based on the weighted-average number of shares of common stock outstanding. Diluted EPS is computed based on the weighted-average number of shares of common stock outstanding plus common stock equivalents assuming exercise of stock options, where dilutive. Stock-based awards of approximately 1.5 million and 2.1 million were outstanding during the three and nine month periods ended September 30, 2018, respectively, and approximately 3.0 million and 3.3 million shares were outstanding during the three and nine month periods ended September 30, 2017, respectively, but were excluded from the calculation of diluted EPS for the periods then ended because the effect of the awards is anti-dilutive. The following is a calculation of basic and diluted earnings per share and weighted-average shares outstanding (in thousands, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net income (loss)	$930	$1,058		